

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements and note disclosure comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be "liftable" from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

### **Government-wide Financial Statements**

- (1) **Government-wide Statement of Net Assets** – presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.
- (2) **Government-wide Statement of Activities** – presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

### **Fund Financial Statements**

- (3) **Balance Sheet - Governmental Funds** - presents the balance sheets for major funds and aggregated amounts for all other governmental funds.
- (4) **Reconciliation of the Balance Sheet to the Government-wide Statement of Net Assets**
- (5) **Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds** – presents information for each major fund and aggregated information for all other governmental funds.
- (6) **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities**
- (7) **Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual** – presents budget information, along with actual results, on separate statements for each major fund which has a legally adopted budget. Departmental information is included for the General Fund, in accordance with the County's legally adopted budget.
- (8) **Statement of Net Assets – Proprietary Funds** – presents information on all assets and liabilities, with the difference reported as change in net assets for the major enterprise fund and aggregated amounts for all other enterprise funds, as well as a separate column of information for internal service funds.
- (9) **Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds** - presents information for each major fund and aggregated information for all other governmental funds. Major and non-major enterprise funds and internal service funds

- (10) **Statement of Cash Flows** -. presents information on the sources and uses of cash for the major fund and aggregated information for all other enterprise funds and for internal service funds.
- (11) **Statement of Fiduciary Net Assets** – presents information on investment trust fund, the private-purpose trust fund, and agency fund assets and liabilities, with the difference reported as net assets.
- (12) **Statement of Changes in Fiduciary Net Assets** - presents information on additions to and deductions from investment trust funds, the private-purpose trust fund, and agency funds, with the difference reported as change in net assets.
- (13) **Notes to Financial Statements-** presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

**CLARK COUNTY, WASHINGTON**  
**Statement of Net Assets**  
**For the Year Ended December 31, 2002**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, cash equivalents & pooled investments	\$ 116,345,573	\$ 20,528,354	\$ 136,873,927
Receivables	96,193,474	2,034,581	98,228,055
Internal balances	1,778,919	(1,778,919)	0
Inventories	698,691	0	698,691
Prepays	124,838	0	124,838
Notes receivable	5,508,886	42,195,494	47,704,380
Deferred charges	297,268	0	297,268
Restricted assets - in safekeeping	2,247,946	0	2,247,946
Capital assets;			
Land and construction in progress	231,724,478	23,318,944	255,043,422
Other capital assets, net of depreciation	189,190,079	101,300,263	290,490,342
Total assets	<u>644,110,152</u>	<u>187,598,717</u>	<u>831,708,869</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	19,576,385	1,038,848	20,615,233
Accrued liabilities	4,171,137	281,151	4,452,288
Deposits payable	6,316,393	0	6,316,393
Due to other governments	37,336	491	37,827
Deferred revenue	1,375,457	42,195,494	43,570,951
Long term liabilities:			
Special assessment debt with governmental commitment due in more than one year	408,954	0	408,954
Other due within one year	4,882,311	2,755,047	7,637,358
Other due in more than one year	105,338,572	38,385,565	143,724,137
Total liabilities	<u>142,106,545</u>	<u>84,656,596</u>	<u>226,763,141</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	330,074,528	83,478,595	413,553,123
Restricted for:			
Capital projects	17,598,129	0	17,598,129
Culture and recreation	13,864,273	0	13,864,273
Economic environment	17,336,547	0	17,336,547
Law and justice	1,668,031	0	1,668,031
Debt service	346,080	0	346,080
Transportation	4,929,409	0	4,929,409
Health and human services	10,861,308	0	10,861,308
General governmental	698,175	0	698,175
Unrestricted	104,627,127	19,463,526	124,090,653
Total net assets	<u>\$ 502,003,607</u>	<u>\$ 102,942,121</u>	<u>\$ 604,945,728</u>

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Statement of Activities**  
**For the Year Ended December 31, 2002**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 48,519,095	\$ 12,930,736	\$ 3,884,349	\$ 173,618	\$ (31,530,392)	\$ 0	\$ (31,530,392)
Public safety	53,117,057	4,915,157	6,570,816	0	(41,631,084)	0	(41,631,084)
Judicial	6,988,253	4,116,435	538,849	0	(2,332,969)	0	(2,332,969)
Physical environment	1,394,769	449,229	295,598	0	(649,942)	0	(649,942)
Transportation	21,129,634	6,175,172	118,505	14,658,690	(177,267)	0	(177,267)
Economic environment	19,620,723	13,393,011	6,112,736	0	(114,976)	0	(114,976)
Health and human services	27,644,982	3,336,405	29,892,641	0	5,584,064	0	5,584,064
Culture and recreation	10,348,428	5,445,244	77,314	1,154,152	(3,671,718)	0	(3,671,718)
Interest on long term debt	5,500,034	0	0	0	(5,500,034)	0	(5,500,034)
Total governmental activities	194,262,975	50,761,389	47,490,808	15,986,460	(80,024,318)	0	(80,024,318)
Business-type activities:							
Solid waste	1,703,894	1,431,260	566,197	0	0	293,563	293,563
Water	3,077,522	4,514,354	80,571	791,092	0	2,308,495	2,308,495
Sewer	5,813,774	6,380,003	0	2,463	0	568,692	568,692
Total business-type activities	10,595,190	12,325,617	646,768	793,555	0	3,170,750	3,170,750
Total primary government	<u>\$ 204,858,165</u>	<u>\$ 63,087,006</u>	<u>\$ 48,137,576</u>	<u>\$ 16,780,015</u>	<u>\$ (80,024,318)</u>	<u>\$ 3,170,750</u>	<u>\$ (76,853,568)</u>
General revenues:							
Taxes:							
Property					70,240,465	0	70,240,465
Sales					22,131,848	0	22,131,848
Other					11,546,702	0	11,546,702
Interest and investment earnings					5,676,562	512,376	6,188,938
Gain/(loss) on sale of capital assets					1,059,128	(558,223)	500,905
Transfers					285,495	(285,495)	0
Total general revenues and transfers					110,940,200	(331,342)	110,608,858
Change in net assets					30,915,882	2,839,408	33,755,290
Net assets as of January 1 - restated for changes in accounting principle					470,498,162	47,067,347	517,565,509
Prior period adjustment					589,563	53,035,366	53,624,929
Net assets as of January 1 - restated					471,087,725	100,102,713	571,190,438
Net asset as of December 31					<u>\$ 502,003,607</u>	<u>\$ 102,942,121</u>	<u>\$ 604,945,728</u>

See accompanying notes to the financial statements.

**Clark County Washington**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended December 31, 2002**

	<b>Major Funds</b>			<b>Other</b>	
	<b>General</b>	<b>County Roads</b>	<b>Mental Health</b>	<b>Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash, cash equivalents and pooled investments	\$ 14,263,957	\$ 4,025,736	\$ 10,413,130	\$ 69,021,271	\$ 97,724,094
Deposit with fiscal agent		0	0	5,000	5,000
Deposit in trust	2,686,584	0	0	1,000	2,687,584
Taxes receivable	44,137,737	26,121,974	338,392	2,303,875	72,901,978
Special assessments receivable	0	0	0	1,178,630	1,178,630
Interest and penalties receivable	4,661,714	0	0	0	4,661,714
Accounts receivable	2,686,952	2,197,186	236,660	1,189,038	6,309,836
Due from other funds	1,203,572	1,294,664	1,323,602	6,099,172	9,921,010
Due from other governments	968,935	2,924,983	1,312,739	3,963,391	9,170,048
Prepaid expenditure	21,253	0	7,644	51,935	80,832
Advance due from other funds	882,000	318,291	0	1,511,826	2,712,117
Notes receivable	0	0	0	5,508,886	5,508,886
Assets in safekeeping	0	0	0	2,247,946	2,247,946
Total assets	<u>71,512,704</u>	<u>36,882,834</u>	<u>13,632,167</u>	<u>93,081,970</u>	<u>215,109,675</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Liabilities</i>					
Warrants and anticipation notes payable	0	0	0	4,009,124	4,009,124
Vouchers payable	2,875,918	1,972,051	1,844,805	7,774,981	14,467,755
Due to other funds	5,574,754	2,013,723	936,194	6,354,679	14,879,350
Due to other governments	12,957	22,362	0	1,584	36,903
Accrued liabilities	2,663,321	485,526	58,011	582,843	3,789,701
Deposits payable	2,946,094	1,269,122	0	2,101,177	6,316,393
Matured long-term obligations	0	0	0	5,000	5,000
Deferred revenue	48,950,800	26,190,641	865,795	9,717,798	85,725,034
Advance due to other funds	0	0	0	1,511,826	1,511,826
Total liabilities	<u>63,023,844</u>	<u>31,953,425</u>	<u>3,704,805</u>	<u>32,059,012</u>	<u>130,741,086</u>
<i>Fund Balances</i>					
Reserved for					
Prepaid items	21,253	0	7,644	51,935	80,832
Advances	882,000	318,291	0	1,511,826	2,712,117
Debt service	0	0	0	287,878	287,878
Unreserved - designated for:					
Mental health capital facility and upgrades	0	0	4,500,000	0	4,500,000
Unreserved, undesignated, reported in:					
General fund	7,585,607	0	0	0	7,585,607
Special revenue funds	0	4,611,118	5,419,718	23,366,073	33,396,909
Debt service funds	0	0		58,202	58,202
Capital project funds	0	0	0	35,747,044	35,747,044
Total fund balances	<u>8,488,860</u>	<u>4,929,409</u>	<u>9,927,362</u>	<u>61,022,958</u>	<u>\$ 84,368,589</u>
Total liabilities and fund balance	<u>\$ 71,512,704</u>	<u>\$ 36,882,834</u>	<u>\$ 13,632,167</u>	<u>\$ 93,081,970</u>	

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**For the Year Ended December 31, 2002**

Total fund balances as shown on the Governmental Funds Balance Sheet:	\$	84,368,589
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount reflects the initial investment in capital assets, net of depreciation, at 12/31/02 . (This amount does not include internal service fund capital assets, which are included as a reconciling item in a note further down on this page).		410,219,106
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.		84,646,845
Internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		24,334,266
Accrued interest liabilities that are not due and payable in the current period and are not reported in the funds.		48,872
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.		(101,614,071)
Total net assets, as reflected on the Statement of Net Assets:	\$	502,003,607

**Clark County Washington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2002**

	<b>Major Funds</b>			<b>Other</b>	
	<b>General</b>	<b>County</b>	<b>Mental Health</b>	<b>Governmental</b>	<b>Total</b>
	<b>Fund</b>	<b>Roads</b>		<b>Funds</b>	
<b>Revenues:</b>					
Property taxes	\$ 39,901,023	\$ 24,196,014	\$ 302,467	\$ 2,066,226	\$ 66,465,730
Sales and use taxes	16,062,151	0	0	6,069,697	22,131,848
Other taxes	4,456,701	139,352	1,537	6,949,112	11,546,702
Licenses & permits	1,065,698	209,334	0	4,097,616	5,372,648
Intergovernmental	10,438,830	14,658,690	21,161,998	16,848,024	63,107,542
Charges for services	14,095,051	4,659,478	1,017,362	15,614,158	35,386,049
Fines & forfeitures	3,117,914	6,615	0	168,222	3,292,751
Interest earnings	2,212,432	79,456	295,743	2,541,078	5,128,709
Donations	44,885	3,000	120	321,721	369,726
Other revenues	365,201	638,192	5,926	3,448,863	4,458,182
Total revenues	91,759,886	44,590,131	22,785,153	58,124,717	217,259,887
<b>Expenditures:</b>					
Current:					
General government	32,489,042	120,786	0	3,030,437	35,640,265
Public safety	44,697,987	181,714	0	5,959,738	50,839,439
Judicial	6,938,888	0	0	0	6,938,888
Physical environment	51,793	0	0	1,650,103	1,701,896
Transportation	75,977	53,963,669	0	817,917	54,857,563
Economic environment	444,641	0	0	19,163,204	19,607,845
Health and human services	1,899,807	0	19,361,552	6,338,278	27,599,637
Culture & recreation	3,010,151	0	0	3,188,068	6,198,219
Capital outlay	0	0	0	31,841,081	31,841,081
Debt service:					
Principal	0	0	0	5,000,000	5,000,000
Interest and other charges	82,530	5,773	12,634	5,059,127	5,160,064
Total expenditures	89,690,816	54,271,942	19,374,186	82,047,953	245,384,897
Excess (deficiency) of revenues over (under) expenditures	2,069,070	(9,681,811)	3,410,967	(23,923,236)	(28,125,010)
<b>Other Financing Sources (Uses):</b>					
Issuance of long term debt	0	3,635,000	0	0	3,635,000
Sale of capital assets	349,889	689,444	2,160	14,738	1,056,231
Proceeds from capital lease	0	0	0	1,318,500	1,318,500
Proceeds of refunding long term debt	0	0	0	2,777,009	2,777,009
Payment to refunded debt escrow agent	0	0	0	(2,760,612)	(2,760,612)
Transfers in	8,727,373	2,717,006	0	18,700,200	30,144,579
Transfers out	(11,678,077)	(445,618)	0	(19,075,460)	(31,199,155)
Total other financing sources (uses)	(2,600,815)	6,595,832	2,160	974,375	4,971,552
Net change in fund balances	(531,745)	(3,085,979)	3,413,127	(22,948,861)	(23,153,458)
Fund balance as of January 1	9,020,605	7,583,683	6,514,235	83,813,961	106,932,484
Prior period adjustment	0	431,705	0	157,858	589,563
Fund balance as of January 1 - restated	9,020,605	8,015,388	6,514,235	83,971,819	107,522,047
Fund balance as of December 31	\$ 8,488,860	\$ 4,929,409	\$ 9,927,362	\$ 61,022,958	\$ 84,368,589

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2002**

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance: \$(23,153,458)

Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. In the Statement of Activities the cost of those assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the differences in how capital costs are treated between the Statement of Activities and the governmental fund statements. 52,887,999

Internal service fund expenses are allocated to other funds. The net expense of certain internal service fund activities is reported with governmental activities on the Statement of Activities. (1,728,729)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This entry is the net effect of these differences in the treatment of long-term debt issuance and payments. (178,659)

Governmental funds report revenue in the current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned. This amount accounts for the change in deferred revenues during 2002. 3,774,735

Some expenses reported in the statement of activities do not require the use of current financial resources, and accordingly, are not reported as expenditures in governmental funds. (686,006)

Change in net assets, as reflected on the Statement of Activities \$ 30,915,882



**Clark County Washington**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues:</u></b>				
Taxes	\$ 120,017,663	\$ 120,047,663	\$118,567,674	\$ (1,479,989)
Licenses & permits	1,573,500	1,483,500	2,006,468	522,968
Intergovernmental	22,463,403	22,642,278	22,866,998	224,720
Charges for services	22,767,087	23,992,827	26,359,473	2,366,646
Fines & forfeitures	5,929,227	5,929,227	5,916,295	(12,932)
Miscellaneous	7,395,616	5,240,903	6,461,343	1,220,440
Total revenues	180,146,496	179,336,398	182,178,251	2,841,853
<b><u>Expenditures</u></b>				
General government	67,253,531	63,611,412	61,690,311	1,921,101
Public safety	83,969,786	91,483,303	87,856,975	3,626,328
Judicial	12,440,576	13,616,165	13,536,578	79,587
Physical environment	92,894	102,275	102,275	0
Transportation	85,907	135,107	99,814	35,293
Economic environment	149,000	171,000	143,095	27,905
Health and human services	3,771,860	3,840,551	3,768,846	71,705
Culture and recreation	6,866,020	7,133,418	6,748,933	384,485
Debt service-principal	26,794	1,160,794	0	1,160,794
Debt service-interest	0	123,000	95,927	27,073
Total expenditures	174,656,368	181,377,025	174,042,754	7,334,271
Excess (deficiency) of revenues over expenditures	5,490,128	(2,040,627)	8,135,497	10,176,124
Sale of capital assets	827,936	827,936	1,141,656	313,720
Transfers in	14,727,986	17,178,323	15,738,399	(1,439,924)
Transfers out	(21,030,426)	(29,508,521)	(29,323,627)	184,894
Excess (deficiency) of revenues other sources over expenditures	15,624	(13,542,889)	(4,308,075)	9,234,814
Fund Balance as of January 1	0	15,474,341	12,796,935	(2,677,406)
Fund balance as of December 31	\$ 15,624	\$ 1,931,452	\$ 8,488,860	\$ 6,557,408

See accompanying notes to the financial statements.

**Clark County Washington**  
**General Fund**  
**Statement of Revenues - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original	Final	Actual	Variance with Final Budget
	2001/2002 <u>Budget</u>	2001/2002 <u>Budget</u>	Biennium-To- <u>Date</u>	Positive / <u>(Negative)</u>
General property taxes	\$ 79,085,240	\$ 79,085,240	\$ 78,057,685	\$ (1,027,555)
Retail sales and use taxes	32,487,484	32,487,484	32,066,105	(421,379)
Excise and other taxes	2,183,615	2,183,615	1,947,487	(236,128)
Penalties and interest on delinquent taxes	6,261,324	6,291,324	6,496,397	205,073
Total taxes	120,017,663	120,047,663	118,567,674	(1,479,989)
Business licenses and permits	1,261,500	1,261,500	1,817,079	555,579
Non-business licenses and permits	312,000	222,000	189,389	(32,611)
Total licenses and permits	1,573,500	1,483,500	2,006,468	522,968
Federal grants -- direct	145,840	345,397	1,427,599	1,082,202
Federal entitlements	34,313	34,313	18,825	(15,488)
Federal grants -- indirect	4,614,618	5,190,907	2,726,091	(2,464,816)
State grants	3,770,382	3,917,487	4,472,408	554,921
State shared revenues	3,077,483	3,077,483	3,538,474	460,991
State entitlements	4,399,048	4,399,048	4,706,081	307,033
Interlocal grants	26,000	26,000	106,148	80,148
Intergovernmental revenues	6,395,719	5,651,643	5,871,372	219,729
Total intergovernmental	22,463,403	22,642,278	22,866,998	224,720
General government fees	9,954,173	11,994,488	14,072,675	2,078,187
Public safety	2,744,468	3,106,443	3,292,814	186,371
Physical environment	40,000	40,000	24,506	(15,494)
Transportation	0	49,200	89,267	40,067
Economic environment	127,930	127,930	112,959	(14,971)
Health & human services	41,500	86,500	59,654	(26,846)
Culture and recreation	230,000	230,000	372,484	142,484
Internal service fund revenues	0	0	18,650	18,650
Interfund revenues	9,629,016	8,358,266	8,316,464	(41,802)
Total charges for services	22,767,087	23,992,827	26,359,473	2,366,646
Fines and forfeitures	5,929,227	5,929,227	5,916,295	(12,932)
Total fines & forfeitures	5,929,227	5,929,227	5,916,295	(12,932)
Interest earnings	7,089,123	4,896,810	5,747,391	850,581
Rents and royalties	164,780	164,780	194,424	29,644
Insurance recoveries	96,000	96,000	35,091	(60,909)
Donations	17,400	49,000	54,799	5,799
Other revenues	28,313	34,313	429,638	395,325
Total miscellaneous	7,395,616	5,240,903	6,461,343	1,220,440
Total revenues	\$ 180,146,496	\$ 179,336,398	\$ 182,178,251	\$ 2,841,853

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negati</u>
<b><u>General government</u></b>				
<b><u>Assessor</u></b>				
Personal Services	\$ 5,307,693	\$ 5,767,730	\$ 5,758,370	9,360
Supplies	40,988	40,988	55,214	(14,226)
Other Services and Charges	421,958	421,958	395,183	26,775
Interfund Payment for Services	244,800	244,800	239,832	4,968
Total Assessor	6,015,439	6,475,476	6,448,599	26,877
<b><u>Auditor</u></b>				
Personal Services	4,187,543	4,726,717	4,682,470	44,247
Supplies	47,600	47,600	83,903	(36,303)
Other Services and Charges	629,955	547,955	481,064	66,891
Interfund Payment for Services	149,200	149,200	158,203	(9,003)
Total Auditor	5,014,298	5,471,472	5,405,640	65,832
<b><u>Treasurer</u></b>				
Personal Services	2,373,717	2,632,474	2,632,474	0
Supplies	8,000	9,365	12,598	(3,233)
Other Services and Charges	288,256	321,794	285,921	35,873
Interfund Payment for Services	81,400	81,400	102,403	(21,003)
Total Treasurer	2,751,373	3,045,033	3,033,396	11,637
<b><u>Bank Fees</u></b>				
Other Services and Charges	604,373	620,769	577,071	43,698
Total Bank Fees	604,373	620,769	577,071	43,698
<b><u>Prosecuting Attorney</u></b>				
Personal Services	9,594,167	10,215,780	10,215,779	1
Supplies	96,888	125,945	136,068	(10,123)
Other Services and Charges	416,300	504,436	463,839	40,597
Interfund Payment for Services	267,264	269,514	268,659	855
Total Prosecuting Attorney	10,374,619	11,115,675	11,084,345	31,330
<b><u>Child Support Enforcement</u></b>				
Personal Services	2,162,691	2,112,691	2,094,188	18,503
Supplies	6,300	6,300	5,047	1,253
Other Services and Charges	304,700	354,700	277,621	77,079
Interfund Payment for Services	15,000	78,341	78,519	(178)
Total Child Support Enforcement	\$ 2,488,691	\$ 2,552,032	\$ 2,455,375	96,657

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negati</u>
<b><u>Commissioners</u></b>				
Personal Services	\$ 1,721,482	\$ 1,798,882	\$ 1,792,546	\$ 6,336
Supplies	9,500	12,100	11,475	625
Other Services and Charges	94,300	110,300	108,149	2,151
Interfund Payment for Services	44,400	41,900	37,864	4,036
Total Commissioners	1,869,682	1,963,182	1,950,034	13,148
<b><u>Office of Budget</u></b>				
Personal Services	7,379,584	7,654,191	7,654,190	1
Supplies	1,718,504	2,026,501	2,291,098	(264,597)
Other Services and Charges	3,245,444	3,026,304	2,663,750	362,554
Interfund Payment for Services	241,900	241,900	204,651	37,249
Total Office of Budget	12,585,432	12,948,896	12,813,689	135,207
<b><u>Countywide Services</u></b>				
Personal Services	584,028	612,257	612,240	17
Supplies	87,482	87,482	54,793	32,689
Other Services and Charges	1,837,323	1,816,713	1,532,855	283,858
Intergovernmental	300,000	260,000	45,780	214,220
Interfund Payment for Services	75,200	75,200	27,526	47,674
Total Countywide Services	2,884,033	2,851,652	2,273,194	578,458
<b><u>Human Resources</u></b>				
Personal Services	1,393,593	1,498,745	1,498,745	0
Supplies	30,400	30,400	10,200	20,200
Other Services and Charges	347,538	359,538	348,543	10,995
Interfund Payment for Services	44,200	44,200	43,573	627
Total Human Resources	1,815,731	1,932,883	1,901,061	31,822
<b><u>Loss Control</u></b>				
Personal Services	460,124	516,443	516,443	0
Supplies	40,750	41,500	38,947	2,553
Other Services and Charges	8,600	10,775	10,276	499
Interfund Payment for Services	11,800	12,800	13,424	(624)
Total Loss Control	521,274	581,518	579,090	2,428
<b><u>General Services</u></b>				
Personal Services	1,549,234	1,668,299	1,667,496	803
Supplies	159,850	159,850	122,677	37,173
Other Services and Charges	1,148,518	1,170,518	1,165,494	5,024
Interfund Payment for Services	55,960	55,960	57,354	(1,394)
Total General Services	\$ 2,913,562	\$ 3,054,627	\$ 3,013,021	\$ 41,606

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 Budget	Final 2001/2002 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negati
<b><u>Public Information &amp; Outreach</u></b>				
Personal Services	\$ 818,817	\$ 794,241	\$ 791,138	\$ 3,103
Supplies	7,775	9,775	12,765	(2,990)
Other Services and Charges	52,797	52,797	43,243	9,554
Interfund Payment for Services	31,800	31,800	29,398	2,402
Total Public Information & Outreach	911,189	888,613	876,544	12,069
<b><u>Board of Equalization</u></b>				
Personal Services	193,778	198,537	184,493	14,044
Supplies	2,440	2,440	3,177	(737)
Other Services and Charges	34,519	34,519	30,499	4,020
Intergovernmental	15,071	15,071	8,733	6,338
Interfund Payment for Services	9,040	9,040	7,785	1,255
Total Board of Equalization	254,848	259,607	234,687	24,920
<b><u>Indigent Defense</u></b>				
Other Services and Charges	6,314,219	6,917,219	6,577,957	339,262
Total Indigent Defense	6,314,219	6,917,219	6,577,957	339,262
<b><u>Miscellaneous</u></b>				
Personal Services	5,168,941	58,748	136	58,612
Supplies	10,000	10,000	9,487	513
Other Services and Charges	2,227,500	533,684	825,284	(291,600)
Intergovernmental	310,754	112,754	14,102	98,652
Interfund Payment for Services	2,217,573	2,217,572	1,617,599	599,973
Total Miscellaneous	9,934,768	2,932,758	2,466,608	466,150
<b>Total general government</b>	<b>67,253,531</b>	<b>63,611,412</b>	<b>61,690,311</b>	<b>1,921,101</b>
<b><u>Judicial</u></b>				
<b><u>Clerk</u></b>				
Personal Services	2,867,007	3,225,675	3,225,566	109
Supplies	24,000	24,000	14,647	9,353
Other Services and Charges	210,112	238,740	239,999	(1,259)
Interfund Payment for Services	94,800	94,800	97,595	(2,795)
Total Clerk	3,195,919	3,583,215	3,577,807	5,408
<b><u>District Court</u></b>				
Personal Services	4,681,646	5,064,688	5,064,686	2
Supplies	86,972	90,669	95,393	(4,724)
Other Services and Charges	439,259	631,137	637,371	(6,234)
Interfund Payment for Services	168,000	185,875	172,206	13,669
Total District Court	\$ 5,375,877	\$ 5,972,369	\$ 5,969,656	\$ 2,713

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 Budget	Final 2001/2002 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negati
<b><u>Superior Court</u></b>				
Personal Services	\$ 2,952,384	\$ 3,048,185	\$ 3,026,716	\$ 21,469
Supplies	110,453	116,453	88,932	27,521
Other Services and Charges	707,943	797,943	777,804	20,139
Interfund Payment for Services	98,000	98,000	95,663	2,337
Total Superior Court	3,868,780	4,060,581	3,989,115	71,466
<b>Total judicial</b>	12,440,576	13,616,165	13,536,578	79,587
<b><u>Public safety</u></b>				
<b><u>Juvenile</u></b>				
Personal Services	8,492,733	9,662,351	9,662,351	0
Supplies	102,384	102,384	124,980	(22,596)
Other Services and Charges	1,737,049	2,329,251	1,409,454	919,797
Interfund Payment for Services	262,270	262,270	287,711	(25,441)
Total Juvenile	10,594,436	12,356,256	11,484,496	871,760
<b><u>Early Intervention</u></b>				
Other Services and Charges	455,196	0	0	0
Total Early Intervention	455,196	0	0	0
<b><u>Sheriff</u></b>				
Personal Services	25,782,496	29,011,355	29,002,006	9,349
Supplies	479,152	519,800	620,710	(100,910)
Other Services and Charges	2,501,673	3,240,558	3,123,950	116,608
Intergovernmental	0	600		600
Interfund Payment for Services	2,846,707	2,939,410	2907476	31,934
Total Sheriff	31,610,028	35,711,723	35,654,142	57,581
<b><u>Jail</u></b>				
Personal Services	19,660,054	20,574,200	20,489,323	84,877
Supplies	1,322,600	1,739,971	1,681,151	58,820
Other Services and Charges	3,251,392	3,497,789	3,384,440	113,349
Interfund Payment for Services	223,800	212,000	207,921	4,079
Total Jail	24,457,846	26,023,960	25,762,835	261,125
<b><u>Emergency Medical Services</u></b>				
Intergovernmental	2,275,000	2,275,000	2,161,891	113,109
Total Emergency Medical Services	\$ 2,275,000	\$ 2,275,000	\$ 2,161,891	\$ 113,109

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negati</u>
<b><u>Community Corrections</u></b>				
Personal Services	\$ 7,212,290	\$ 7,604,183	\$ 7,604,183	\$ 0
Supplies	392,719	392,719	220,165	172,554
Other Services and Charges	310,290	411,723	578,113	(166,390)
Interfund Payment for Services	891,981	937,739	936,890	849
Total Community Corrections	8,807,280	9,346,364	9,339,351	7,013
<b><u>Miscellaneous</u></b>				
Other Services and Charges	3,020,000	3,020,000	2,793,820	226,180
Intergovernmental	2,750,000	2,750,000	660,440	2,089,560
Total Miscellaneous	5,770,000	5,770,000	3,454,260	2,315,740
Total public safety	83,969,786	91,483,303	87,856,975	3,626,328
<b><u>Community Development</u></b>				
Intergovernmental	92,894	102,275	102,275	0
Total Community Development	92,894	102,275	102,275	0
Total physical environment	92,894	102,275	102,275	0
<b><u>Lewis &amp; Clark Railroad</u></b>				
Supplies	0	0	49	(49)
Other Services and Charges	44,907	69,507	93,398	(23,891)
Capital Outlays	35,000	35,000	6,016	28,984
Interfund Payment for Services	6,000	30,600	351	30,249
Total Lewis & Clark Railroad	85,907	135,107	99,814	35,293
Total transportation	85,907	135,107	99,814	35,293
<b><u>Community Development</u></b>				
Intergovernmental	149,000	171,000	143,095	27,905
Total Community Development	149,000	171,000	143,095	27,905
Total economic environment	149,000	171,000	143,095	27,905
<b><u>Health District</u></b>				
Intergovernmental	2,645,067	2,645,067	2,645,067	0
Total Health District	2,645,067	2,645,067	2,645,067	0
<b><u>Medical Examiner</u></b>				
Personal Services	908,490	974,971	974,833	138
Supplies	25,720	27,930	20,650	7,280
Other Services and Charges	144,256	144,256	86,203	58,053
Interfund Payment for Services	48,327	48,327	42,093	6,234
Total Medical Examiner	1,126,793	1,195,484	1,123,779	71,705
Total health and human services	\$ 3,771,860	\$ 3,840,551	\$ 3,768,846	\$ 71,705

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negati</u>
<b><u>Cable Television</u></b>				
Intergovernmental	\$ 706,895	\$ 706,895	\$ 706,895	\$ 0
Total Cable Television	706,895	706,895	706,895	0
<b><u>Cooperative Extension Service</u></b>				
Personal Services	239,997	239,997	210,411	29,586
Supplies	47,143	50,593	61,259	(10,666)
Other Services and Charges	537,652	660,547	639,239	21,308
Interfund Payment for Services	56,200	56,200	58,960	(2,760)
Total Cooperative Extension Service	880,992	1,007,337	969,869	37,468
<b><u>Parks</u></b>				
Intergovernmental	2,654,458	2,654,458	2,327,045	327,413
Total Parks	2,654,458	2,654,458	2,327,045	327,413
<b><u>Parks Operations</u></b>				
Personal Services	1,478,836	1,571,397	1,571,396	1
Supplies	294,601	304,304	315,666	(11,362)
Other Services and Charges	392,947	418,923	416,206	2,717
Interfund Payment for Services	457,291	470,104	441,856	28,248
Total Parks Operations	2,623,675	2,764,728	2,745,124	19,604
<b>Total culture and recreation</b>	6,866,020	7,133,418	6,748,933	384,485
Debt service -principal	26,794	1,160,794	26,793	1,134,001
Debt service - interest	0	123,000	69,134	53,866
<b>Total expenditures:</b>	<b>\$ 174,656,368</b>	<b>\$ 181,377,025</b>	<b>\$ 174,042,754</b>	<b>\$ 7,334,271</b>



**Clark County Washington**  
**County Roads**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
General property taxes	\$ 48,457,492	\$ 48,457,492	\$ 46,521,735	\$ (1,935,757)
Timber harvest	358,178	358,178	277,132	(81,046)
Excise and other taxes	14,000	14,000	17,059	3,059
Total taxes	48,829,670	48,829,670	46,815,926	(2,013,744)
Business licenses and permits	34,000	34,000	356,741	322,741
Non-business licenses and permits	90,211	90,211	94,005	3,794
Total licenses & permits	124,211	124,211	450,746	326,535
State grants	10,297,244	23,732,537	10,913,240	(12,819,297)
State shared revenues	8,000	8,000	9	(7,991)
State entitlements	10,885,874	10,885,874	10,812,062	(73,812)
Federal grants -- indirect	13,985,923	22,629,420	19,381,038	(3,248,382)
Federal entitlements	8,657	8,657	20,550	11,893
Interlocal grants	32,000	32,000	29,540	(2,460)
Total intergovernmental	35,217,698	57,296,488	41,156,439	(16,140,049)
Interfund revenues	2,811,918	1,983,584	4,909,901	2,926,317
Physical environment	30,000	30,000	1,198,096	1,168,096
General government fees	20,146	20,146	22,499	2,353
Economic environment	74,000	74,000	80,361	6,361
Transportation	1,682,920	2,237,480	1,440,584	(796,896)
Total charges for services	4,618,984	4,345,210	7,651,441	3,306,231
Fines and forfeitures	0	0	12,915	12,915
Total fines & forfeitures	0	0	12,915	12,915
Rents and royalties	42,800	42,800	38,023	(4,777)
Donations	0	0	44,282	44,282
Insurance recoveries	0	0	150,250	150,250
Interest earnings	60,003	183,003	119,701	(63,302)
Other revenues	20,000	20,000	596,825	576,825
Total miscellaneous	122,803	245,803	949,081	703,278
Total revenues	88,913,366	110,841,382	97,036,548	(13,804,834)

**Expenditures**

General government				
Supplies	0	0	604	(604)
Other services and charges	183,100	183,100	83,141	99,959
Interfund payment for services	46,900	46,900	29,675	17,225
Total general government	\$ 230,000	\$ 230,000	\$ 113,420	116,580

**Clark County Washington**  
**County Roads**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2002**

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive (Negative)
Public Safety				
Personal services	\$ 228,401	\$ 246,684	\$ 255,476	\$ (8,792)
Supplies	4,750	4,750	4,074	676
Other services and charges	21,750	449,793	71,873	377,920
Interfund payment for services	422,630	395,331	189,905	205,426
Total public safety	<u>677,531</u>	<u>1,096,558</u>	<u>521,328</u>	<u>575,230</u>
Transportation				
Personal services	21,598,499	22,280,187	21,729,585	550,602
Supplies	6,257,955	5,894,259	5,583,418	310,841
Other services and charges	17,458,050	18,538,757	18,253,631	285,126
Intergovernmental	0	0	50,000	(50,000)
Capital outlays	35,464,589	63,274,835	53,112,486	10,162,349
Debt service: principal	100,000	0	0	0
Debt service: interest	0	1,957	1,957	0
Interfund payment for services	13,787,648	14,379,167	12,351,404	2,027,763
Total transportation	<u>94,666,741</u>	<u>124,369,162</u>	<u>111,082,481</u>	<u>13,286,681</u>
Debt service: interest		699,531	633,318	66,213
Total expenditures	<u>95,574,272</u>	<u>126,395,251</u>	<u>112,350,547</u>	<u>14,044,704</u>
Excess (deficiency) of revenues over expenditures	(6,660,906)	(15,553,869)	(15,313,999)	239,870
Issuance of long-term debt	0	6,460,000	4,385,000	(2,075,000)
Sale of capital assets	1,100,000	1,100,000	3,016,918	1,916,918
Transfers in	7,725,000	11,639,790	9,456,622	(2,183,168)
Transfers out	(827,667)	(533,852)	(517,058)	16,794
Interfund loan proceeds	0	1,134,000	0	(1,134,000)
Excess (deficiency) of revenues and other sources over expenditures	1,336,427	4,246,069	1,027,483	(3,218,586)
Fund balance as of January 1	0	2,034,998	2,457,450	422,452
Prior period adjustments	0	0	1,444,476	1,444,476
Fund balance as of December 31	<u>\$ 1,336,427</u>	<u>\$ 6,281,067</u>	<u>\$ 4,929,409</u>	<u>\$ (1,351,658)</u>

CLARK COUNTY, WASHINGTON  
MENTAL HEALTH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
For the biennium ended December 31, 2002

	Original 2001/2002 <u>Budget</u>	Final 2001/2002 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
General property taxes	\$ 537,901	\$ 537,901	\$ 589,803	\$ 51,902
Timber harvest	2,000	2,000	1,660	(340)
Excise and other taxes	1,300	1,300	1,770	470
Total taxes	541,201	541,201	593,233	52,032
Interlocal grants	200	200	174	(26)
State grants	11,255,592	11,422,669	12,321,444	898,775
Intergovernmental revenues	18,123,096	24,123,096	21,820,790	(2,302,306)
Federal grants -- indirect	2,329,136	3,763,120	3,336,936	(426,184)
Federal grants -- direct	3,399,511	2,329,136	3,365,291	1,036,155
Federal entitlements	0	0	5	5
State shared revenues	200	200	0	(200)
Total intergovernmental	35,107,735	41,638,421	40,844,640	(793,781)
Interfund revenues	0	0	70,516	70,516
Mental and physical health	0	0	974,410	974,410
Total charges for services	0	0	1,044,926	1,044,926
Rents and royalties	140	140	93	(47)
Donations	2,996,850	3,866,850	75,752	(3,791,098)
Interest earnings	280,275	280,275	616,623	336,348
Other revenues	0	0	6,963	6,963
Total miscellaneous	3,277,265	4,147,265	699,431	(3,447,834)
Total revenues	38,926,201	46,326,887	43,182,230	(3,144,657)
<b><u>Expenditures</u></b>				
Economic Eenvironment				
Interfund payments	166,645	83,322	0	83,322
Total economic environment	166,645	83,322	0	83,322
Mental and physical health				
Interfund payment for services	1,055,440	1,698,415	2,048,945	(350,530)
Personal services	1,241,060	2,696,530	2,328,368	368,162
Supplies	30,000	30,000	123,514	(93,514)
Other services and charges	36,939,084	41,590,630	32,279,342	9,311,288
Total mental and physical health	39,265,584	46,015,575	36,780,169	9,235,406
Debt service: interest	0	0	13,621	(13,621)
Total expenditures	39,432,229	46,098,897	36,793,790	9,305,107
Excess (deficiency) of revenues over expenditures	(506,028)	227,990	6,388,440	6,160,450
Sale of capital assets	6,200	6,200	6,093	(107)
Transfers in	281,275	225,637	140,637	(85,000)
Transfers out	(2,939)	(1,033,539)	0	1,033,539
Excess (deficiency) of revenues and other sources over expenditures	(221,492)	(573,712)	6,535,170	7,108,882
Fund balance as of January 1	318,852	671,072	3,392,192	2,721,120
Fund balance as of December 31	\$ 97,360	\$ 97,360	\$ 9,927,362	\$ 9,830,002

**Clark County Washington**  
**Statement of Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major</b>		<b>Non-Major</b>		<b>Internal Service Funds</b>
<b>Assets</b>	<b>Sanitary Sewer</b>	<b>Clean Water</b>	<b>Solid Waste</b>	<b>Total</b>	
Current assets					
Cash, cash equivalents and pooled investments	\$ 7,819,195	\$ 6,709,978	\$ 5,999,181	\$ 20,528,354	\$ 15,928,895
Receivables, net	169,246	755,570	318,150	1,242,966	821,533
Due from other funds	0	700,123	0	700,123	8,003,354
Due from other governments	420,641	61,083	309,891	791,615	0
Inventory (at cost)	0	0	0	0	698,691
Prepaid expense	0	0	0	0	44,006
Total current assets	8,409,082	8,226,754	6,627,222	23,263,058	25,496,479
Noncurrent assets					
Contracts receivable	42,195,494	0	0	42,195,494	0
Capital assets:					
Land	115,102	21,252,156	12,315	21,379,573	44,721
Buildings	28,367	0	372,415	400,782	107,426
Improvements other than buildings	74,082,470	1,008,005	732,899	75,823,374	1,346,249
Machinery & equipment	231,274	0	0	231,274	20,165,750
Infrastructure	0	37,315,520	0	37,315,520	0
Construction in progress	1,694,592	193,582	51,197	1,939,371	531,813
Less accumulated depreciation	(7,477,882)	(4,610,584)	(382,221)	(12,470,687)	(11,500,508)
Total noncurrent assets	110,869,417	55,158,679	786,605	166,814,701	10,695,451
Total assets	119,278,499	63,385,433	7,413,827	190,077,759	36,191,930
<b>Liabilities</b>					
Current liabilities					
Accounts payable	118,622	620,477	299,749	1,038,848	1,094,506
Due to other funds	1,031,395	527,415	38,657	1,597,467	1,316,651
Due to other governments	3	0	63	66	433
Accrued liabilities	218,174	33,276	29,701	281,151	430,308
Bonds, notes and loans payable	2,565,047	0	190,000	2,755,047	0
Total current liabilities	3,933,241	1,181,168	558,170	5,672,579	2,841,898
Noncurrent liabilities					
Deferred revenue - HDSD	42,195,494	0	0	42,195,494	0
Compensated absences	48,210	57,519	27,482	133,211	7,162,816
Accrued Claims Payable	0	0	0	0	1,852,950
Advance due to other funds	0	882,000	0	882,000	0
Advance due to other governments	2,163,613	0	0	2,163,613	0
Bonds, notes and loans payable (net of discounts)	36,088,741	0	0	36,088,741	0
Total noncurrent liabilities	80,496,058	939,519	27,482	81,463,059	9,015,766
Total liabilities	84,429,299	2,120,687	585,652	87,135,638	11,857,664
<b>Net Assets</b>					
Invested in capital assets, net of related debt	27,856,522	55,158,679	786,605	83,801,806	10,695,451
Unrestricted	6,992,678	6,106,067	6,041,570	19,140,315	13,638,815
Total net assets	\$ 34,849,200	\$ 61,264,746	\$ 6,828,175	\$ 102,942,121	\$ 24,334,266

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major</b>		<b>Non Major</b>		
	<b>Sanitary Sewer</b>	<b>Clean Water</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services:					
Sewer charges pledged as security for revenue bonds	\$ 4,446,608	\$ 0	\$ 0	\$ 4,446,608	\$ 0
Other charges for services	1,928,108	4,468,759	1,428,757	7,825,624	11,979,510
Miscellaneous	0	45,595	0	45,595	2,823,936
Total operating revenues	6,374,716	4,514,354	1,428,757	12,317,827	14,803,446
<b>OPERATING EXPENSES</b>					
Personal services	800,368	772,924	556,339	2,129,631	5,051,157
Contractual services	599,220	328,321	745,337	1,672,878	5,044,249
Other supplies and expenses	493,731	1,834,331	328,979	2,657,041	7,315,485
Depreciation	1,539,009	141,946	20,664	1,701,619	1,726,545
Total operating expenses	3,432,328	3,077,522	1,651,319	8,161,169	19,137,436
Operating income (loss)	2,942,388	1,436,832	(222,562)	4,156,658	(4,333,990)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	128,579	159,077	224,720	512,376	531,456
Operating grant revenue	0	80,571	566,197	646,768	0
Miscellaneous revenue	5,287	0	2,503	7,790	29,654
Gain/(loss) on disposition of capital assets	(3,463)	(554,760)	0	(558,223)	0
Interest expense	(2,381,446)	0	(52,575)	(2,434,021)	(18,153)
Miscellaneous expense	0	0	0	0	(15,756)
Total non-operating revenues	(2,251,043)	(315,112)	740,845	(1,825,310)	527,201
Income (loss) before contributions and transfers	691,345	1,121,720	518,283	2,331,348	(3,806,789)
Capital contributions	2,463	791,092	0	793,555	737,989
Transfers in	0	257,775	0	257,775	3,914,057
Transfers out	0	(507,270)	(36,000)	(543,270)	(2,573,986)
Change in net assets	693,808	1,663,317	482,283	2,839,408	(1,728,729)
Net assets as of January 1	34,155,392	6,566,063	6,345,892	47,067,347	26,062,995
Prior period adjustments	0	53,035,366	0	53,035,366	0
Net assets as of January 1- restated	34,155,392	59,601,429	6,345,892	100,102,713	26,062,995
Net assets as of December 31	\$ 34,849,200	\$ 61,264,746	\$ 6,828,175	\$ 102,942,121	\$ 24,334,266

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2002**

	<b>Business-type Activities -- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major</b>			<b>Non Major</b>	
	<b>Sanitary Sewer</b>	<b>Clean Water</b>		<b>Solid Waste</b>	<b>Internal Service Funds</b>
				<b>Totals</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,343,189	\$ 4,246,967	\$ 950,269	\$ 11,540,425	\$ 870,089
Receipts from interfund services provided	(498)	(699,352)	0	(699,850)	13,940,039
Payments to suppliers	(860,240)	250,057	(699,349)	(1,309,532)	(10,002,283)
Payments to employees	(752,158)	(811,477)	(551,425)	(2,115,060)	(4,766,205)
Payments for interfund services used	772,179	(1,725,096)	(120,539)	(1,073,456)	(1,446,150)
Payments on claims and judgments	0	0	0	0	(1,487,745)
Net cash provided (used) by operating activities	5,502,472	1,261,099	(421,044)	6,342,527	(2,892,255)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	0	80,571	566,197	646,768	0
Transfers from other funds	0	733,894	0	733,894	5,093,998
Transfers to other funds	0	(101,389)	(36,000)	(137,389)	(2,573,986)
Debt service:					
Principal on operating debt	0	0	(1,090,000)	(1,090,000)	0
Interest expense on operating debt	0	0	(52,575)	(52,575)	0
Miscellaneous receipts	5,287	0	2,503	7,790	11,501
Net cash provided (used) by noncapital financing activities	5,287	713,076	(609,875)	108,488	2,531,513
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Advance refunding of capital debt	562,788	0	0	562,788	0
Capital contributions	2,463	791,092	0	793,555	385,236
Purchases of capital assets	(1,520,596)	(862,248)	(51,197)	(2,434,041)	(2,569,427)
Proceeds from sales of capital assets	0	219,950	0	219,950	101,595
Principal paid on capital debt	(2,490,017)	0	0	(2,490,017)	0
Interest paid on capital debt	(2,577,998)	0	0	(2,577,998)	0
Net cash (used) by capital and related financing activities	(6,023,360)	148,794	(51,197)	(5,925,763)	(2,082,596)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings	128,579	159,077	224,720	512,376	531,456
Net cash provided by investing activities	128,579	159,077	224,720	512,376	531,456
Net increase in cash and cash equivalents	(387,022)	2,282,046	(857,396)	1,037,628	(1,911,882)
Balances as of January 1	8,206,217	4,427,932	6,856,577	19,490,726	17,840,777
Balances as of December 31	\$ 7,819,195	\$ 6,709,978	\$ 5,999,181	\$ 20,528,354	\$ 15,928,895

**Clark County Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2002**

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major			Non-Major	Internal Service Funds
	Sanitary Sewer	Clean Water		Solid Waste	
				Totals	
<b>Reconciliation of operating income (loss) to net cash provided by operating</b>					
Operating income (loss)	\$ 2,942,388	1,436,832	\$ (222,562)	\$ 4,156,658	\$ (4,333,990)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,539,009	141,946	20,664	1,701,619	1,726,545
Changes in assets and liabilities:					
Receivables, net	986,504	(966,739)	(478,487)	(458,722)	(486,657)
Inventories	0	0	0	0	(174,485)
Accounts and other payables	34,571	627,258	254,427	916,256	530,064
Accrued expenses	0	21,802	4,914	26,716	(153,732)
Net cash provided (used) by financing activities	<u>\$ 5,502,472</u>	<u>\$ 1,261,099</u>	<u>\$ (421,044)</u>	<u>\$ 6,342,527</u>	<u>\$ (2,892,255)</u>
<b>Noncash investing, capital, and financing activities</b>					
Loss on transfer of capital assets	0	698,191	0	698,191	0
Contribution of capital assets	0	0	0	0	352,753

**Clark County Washington**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2002**

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 340,734,735	\$ 66,767	\$ 23,780,262
Cash and deposits in trust	0	0	51,582
Cash and deposits with fiscal agent	0	0	340,000
Receivables:			
Taxes	0	0	291,844,310
Other	0	0	725,195
From other funds	0	0	209,480
From local governments	0	0	1,908,524
Total receivables	0	0	294,687,509
Other assets	0	0	193,100
Total assets	340,734,735	66,767	319,052,453
<b>Liabilities</b>			
Warrants payable	0	0	16,411,178
Accounts payable and other liabilities	0	250	6,526,537
Due to other funds	0	0	1,040,499
Due to other governments	0	0	293,890,641
Accrued liabilities & deposits payable	0	0	865,307
Advance due to other funds	0	0	318,291
Total liabilities	0	250	319,052,453
<b>Net Assets</b>			
Investments held in trust for pool participants	340,734,735	0	0
Investments held in trust for other purposes	0	66,517	0
Total net assets	\$ 340,734,735	\$ 66,517	\$ 0



**Clark County Washington**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2002**

	<b>Investment Trust Funds</b>	<b>Private Purpose Trust Fund</b>
<b>Additions</b>		
Contributions		
Additions by participants	\$ 474,592,750	\$ 0
Total contributions	474,592,750	0
Investment income		
Net increase in fair value of investments	136,692	0
Interest, dividends, and other	0	2,147
Total investment income	136,692	2,147
Total additions	474,729,442	2,147
<b>Deductions</b>		
Payments in accordance with trust agreements	0	3,000
Distributions to participants	471,213,592	0
Total deductions	471,213,592	3,000
Change in net assets held for individuals, organizations and other governments	3,515,850	(853)
Net assets as of January 1	337,218,885	67,370
Net assets as of December 31	<u>\$ 340,734,735</u>	<u>\$ 66,517</u>

**CLARK COUNTY WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2002**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Clark County have been prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Washington State Auditor's Office has further developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among the cities and counties of Washington. The following is a summary of significant accounting policies for Clark County.

**A.     Reporting Entity**

The Comprehensive Annual Financial Report of Clark County includes the primary government, and one blended component unit for which the County is financially accountable. Blended component units are legally separate entities, but are in substance a part of the County's operations and therefore the data from this unit is combined with the data from the primary government.

**Blended Component Unit**

The *Industrial Revenue Bond Corporation of Clark County (IRBC)* was established in 1982 with the granting of its charter and appointment of its Board of Directors by the Clark County Board of Commissioners. The Board of County Commissioners comprises the Board of Directors for the public corporation. IRBC is responsible for encouraging industrial development by issuing industrial revenue bonds in accordance with the 1981 Economic Development Act of the State of Washington. Revenue bonds issued by the corporation are payable solely from revenues of the industrial development facility funded by the revenue bonds and are neither a liability nor a contingent liability of Clark County, the IRBC, or any other public entity. There is one bond issue outstanding at December 31, 2002, which amounts to \$6,985,000. IRBC is reported as a special revenue fund. Complete statements for the component unit may be obtained from Clark County.

**B.     Government Wide and Fund Financial Statements**

Government wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the County's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods,

- services or privileges provided by a given function or segment
- Grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this general rule include unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Other revenues such as sales based taxes, licenses, fines and fees are not considered susceptible for accrual since they are not generally measurable until received. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Clark County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The *County Roads Fund* accounts for the design, construction, and maintenance of County roads.
- The *Mental Health Fund* finances a variety of mental health services including treatment, consultation, and education to people experiencing psychological/social emotional distress.

The County reports two major proprietary funds.

- The *Sanitary Sewer Fund* accounts for all sewer activity, including maintenance and operation of the County's sewer treatment plant and major sewer capital construction

- projects.
- The *Clean Water Fund* accounts for the activities related to the County's stormwater drainage systems in accordance with the Federal Clean Water Act.

Additionally, the County reports the following fund types:

- *Internal service funds* account for equipment rental, elections, central support, self insurance, building maintenance, retirement benefit reserve, and data processing services provided to other departments or agencies of the government, or to other governments on a cost reimbursement basis.
- The *private purpose trust fund* accounts for resources legally held in trust for a private organization, the Childrens Home Society, to benefit homeless or orphaned children. Only earnings on investments may benefit this activity. The capital portion of the trust must be preserved intact. No resources are used to support the County's programs.
- *Investment trust funds* account for the external pooled and non-pooled investments held in behalf of external pool participants in the County's investment program.
- *Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agency capacity.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The County has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include a) charges to customers or applicants for goods, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitary sewer, solid waste, drainage utility, clean water system and the County's internal service funds are charges to customers for sales and services. The sanitary sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services other supplies and expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

## D. Assets, Liabilities and Net Assets or Equity

### 1. *Deposits and Investments*

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government and the district to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances and certain other government agency obligations. Investments for the government are reported at fair value.

### 2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and were not included in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Taxes receivable represents the current year's levy and delinquent taxes accumulated from the previous years. All real property taxes are secured by liens on the corresponding property. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

Sanitary Sewer and Clean Water Fund receivables are recorded for actual amounts billed to customers and not yet paid. Billings are recorded either monthly or annually and are based on set fee amounts that have been billed through December 31, 2002.

### 3. *Inventories and Prepaid Items*

Inventories are valued at cost using the average cost method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. *Joint Venture*

The County is a party of one governmental fund joint venture agreement. These are accounted for using the equity method that reflects the County's investment in operations and net worth on the basis of contribution and participation. The equity interests primarily represent interests in capital assets and are reported in the Governmental Fund column of the Statement of Net Assets.

### 5. *Capital Assets*

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other

tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, water and sewer systems, and lighting systems. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the government fund financial statements. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, equipment, and improvements are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings	- 20 years
Improvements other than buildings	- 10 to 40 years
Light vehicles	- 2 to 5 years
Heavy vehicles and equipment	- 3 to 15 years
Infrastructure	- 40 to 80 years

Machinery and equipment purchased on capital leases are treated as capital assets indicating a constructive or actual transfer of the benefits and risks of ownership to the County, and are valued at the lesser of the fair value of the leased property or the net present value of the minimum lease payments required by the contract.

## **6.     *Compensated Absences***

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees with a minimum of ten years of services are permitted to cash out a portion of their accrued sick leave based on a certain percentage of accumulated hours. The remainder of unpaid sick leave is not earned until taken by the employee, and therefore is recorded at the time used. All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The non-current portion for governmental funds is not reported in the governmental fund statements and represents a reconciling item between the fund and government-wide presentations.

## **7.     *Long-term Obligations***

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other County long-term debt is reported in the governmental column of the government-wide statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the

effective interest method. Bonds payable are reported net of the premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, is reported as debt service expenditures.

## 8. *Fund Equity*

Fund equity is recognized as fund balance in governmental fund types, and as net assets in proprietary fund types. Certain fund equity may be reserved for a specific future use, or to denote unavailability for current operations. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances and retained earnings (deficits) are unreserved and undesignated.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.” The details of the \$84,646,845 are as follows:

Unavailable deferred revenue	\$84,349,577
Deferred charges (issuance costs)	<u>297,268</u>
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	<u>\$ 84,646,845</u>

Another element of that reconciliation explains that “long-term liabilities that are not due and payable in the current period and are not reported in the funds.” The details of this \$101,614,071 are as follows:

Bonds payable	\$94,799,359
Less deferred charge for issuance costs	(159,861)
Less deferred charge for refunding	(158,632)
Capital lease	1,318,500
Claims and judgements	137,089
Special assessment debt	408,954
Compensated absences	803,279
Advance due to other government	<u>4,465,383</u>
Net adjustment to reduce – <i>total governmental funds to arrive at net assets – governmental activities</i>	<u>\$101,614,071</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlay as expenditures... In the statement of activities the cost of those assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds is booked as a gain or (loss) on the sale.” The details of this \$52,887,999 difference are as follows:

Capital outlay	\$64,251,828
Depreciation expense	(11,068,075)
Disposition of capital assets (net book value)	<u>(295,754)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$52,887,999</u>

Another element of that reconciliation states “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$178,659 difference are as follows:

Issuance of general obligation bonds	\$ 2,780,000
Issuance of advance due to other government	3,635,000
Issuance of capital lease	1,318,500
Less discount	(145,530)
Deferred charges	(35,842)
Principal repayments:	
General obligation debt	(7,348,061)
Advance due to other government	(13,396)
Special assessments	(5,000)
Capital lease	<u>(7,012)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at changes in net assets of governmental activities	<u>(\$178,659)</u>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The biennial budget for Clark County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles. The Board of County Commissioners adopts biennial appropriations for the general, special revenue, and capital project funds. Budgetary constraints for debt service funds are



determined by the terms of the debt instruments or enabling legislation.

The Solid Waste Closure Fund was treated for budget purposes as a trust fund, but reported as a special revenue fund due to the change in accounting principles under GASB 34. Therefore, no individual budget statement was presented for this fund in 2001. The County adopted a budget for this fund during 2002.

During the budget process, each county official submits detailed estimates of anticipated revenues and expenditure requests for the ensuing budget years. The budget office compiles this data and makes it available for public comment in early October of the budget adoption year. A recommended budget is published in the third week of November with a public hearing held during the first week in December when the final budget is adopted.

The biennial budget is adopted and systematically monitored on the fund level for special revenue and capital project funds and on a department level for the general fund. Personal service costs in each fund are controlled by position. The acquisition of capital items is approved on an item by item basis in accordance with a long-term capital acquisition plan.

Biennial budgets are amended during the budget years by supplemental appropriation resolutions that are approved by the Board during public meetings. Any revisions, which increase the total appropriation of any fund, are published in the official county newspaper (The Columbian) at least seven days before the public hearing. Revisions approved by the Board during 2002 consisted of awards and modifications of grants, the release of contingency funds to specific programs, and enhanced revenues supporting expanded program requirements. Department heads may transfer budget amounts between certain categories of expenditures (supplies and services) without approval of the Board as long as they do not exceed their total department/fund budget.

#### B. Deficit Fund Equity

The following funds exhibit deficit fund balances as of December 31, 2002:

County Building Special Revenue Fund	\$ 1,629,603
CRCA Emergency Services Communication	1,511,826
Clark County Fair Special Revenue Fund	765,545
GIS Special Revenue Fund	246,244

The *County Building Fund* has developed a balanced budget for 2003/2004 with expenses better aligned to revenues. The department has started their annual fee review with the Board of County Commissioners to address the coverage of our building and development service programs. The current plan should prevent the deficit from increasing.

The deficit in the CRCA Emergency Services Communication fund was anticipated because of increased debt service payments and a funding plan is in place to reduce this deficit over the next several years. The Fair's deficit reflects the impact of interest charges on capital and debt, respectively. The Fair is reviewing alternative revenue sources to address these issues. The deficit in the GIS (Geographic Information System) is being reviewed and a plan should be developed in 2003 to help reduce this deficit.

The following funds exhibit deficit net asset balances as of December 31, 2002:

Central Support Services	\$ 1,338,068
Radio ER &R	23,098

The Central Support Services deficit exists because the full costs of services are not being

recouped. The Radio ER&R deficit exists because this was a new fund and a funding plan has yet to be developed for charging the appropriate departments an equipment rental rate for their radio equipment. A plan should be developed in 2003.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

The Clark County Treasurer is empowered by the state to act as the fiduciary agent for the County (as Treasurer) and other taxing districts (as ex-officio Treasurer), which includes the receipt, deposit and prudent investment of public funds as legally prescribed by the laws of the State of Washington.

All receipts received by the Treasurer are deposited into qualified bank depositories as specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of commercial paper, banker's acceptances, U.S. Treasury bills, notes, and certain other government agency obligations. County policy dictates that all investment instruments other than non-negotiable certificates of deposit and monies placed with the Washington State Local Government Investment Pool be transacted on the delivery versus payment basis.

##### 1. *Deposits*

Cash and deposits consist of cash and cash equivalents on deposit with the Clark County Treasurer. As of December 31, 2002, the carrying value of deposits was \$161,876,016, and the bank balance was \$164,286,636. These deposits are held at the following financial institutions:

	<u>Book Balance</u>	<u>Bank Balance</u>
Money Market Accounts	146,478,061	146,478,061
Checking Account Balances		
Bank of America	616,975	3,027,595
First Independent Bank	12,403,351	12,403,351
U.S. Bank of Washington	2,363,345	2,363,345
Riverview Bank	<u>14,284</u>	<u>14,284</u>
Total	\$161,876,016	\$164,286,636

All of the deposits are either covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and are classified under risk Category 1.

Risk category 1 reflects investments, which are insured, registered, or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are either held by the financial institution's trust department or an agent in the County's name. Category 3 represents uninsured and unregistered investments for which securities are held by the financial institution, its trust department, or agent but not held in the County's name.

##### 2. *Equity in Pooled Investments*

The County Treasurer administers and maintains an External Investment Pool for county and other jurisdictional governments within the County. This Pool currently has an average maturity of approximately nine months. County monies are invested by certain individual funds for the benefit of the respective fund. Remaining County monies are aggregated in a residual account, and invested in the pool for the benefit of the General fund.

Pooled investments include commercial paper, Municipal Bonds, U.S. Treasury Notes, Federal Agencies, monies invested with the Washington State Local Government Investment Pool, and a

money market account. The fair value of the County Pool on December 31, 2002 was \$480,620,996 of which \$146,478,061 is classified as deposits. The total fair value amount is characterized based on the relative risk assumed by the County.

	<u>Category 1</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b><u>Equity in pooled investments:</u></b>			
US Treasury Notes	95,269,922	95,269,922	96,706,250
Federal agency Notes	<u>188,088,298</u>	<u>188,088,298</u>	<u>189,986,808</u>
Sub total	283,358,220	283,358,220	286,693,058
Investments not subject to categorization:			
Washington State investment pool			47,449,877
Total equity in pooled investments*			\$334,142,935

\* Note: Fair value of pooled investments does not include adjustments made for accrued interest distributed to pooled participants and individual investments.

### 3. *Investments*

Certain funds will direct the County Treasurer to invest funds into specific investment maturates outside of the Clark County Investment Pool. On December 31, 2002, the fair value of the specific investment was \$236,253, which is comprised of U.S. Treasuries. Clark County and other jurisdictional governments within the County had a total investment carrying value on December 31, 2002 of \$478,679,328 for both pooled and non-pooled investments.

	<u>Category</u>	<u>Carrying Value</u>	<u>Fair Value</u>
	<u>1</u>		
<b><u>Equity in investments</u></b>			
Registered warrants	<u>236,253</u>	<u>236,253</u>	<u>236,253</u>
Total investments	\$236,253	\$236,253	\$236,253

### 4. *External Investment Pool*

The Clark County Treasurer's Office uses "Bloomberg", an on-line financial services system to determine the fair value of securities purchased on behalf of the Clark County Investment Pool. If Bloomberg does not price a particular security, the Clark County Treasurer's Office obtains three quotes from broker/dealers to determine the fair value of the security on the specified date. Bloomberg has a pricing model called "Bloomberg Fair Value" (BFV), which establishes an investment's theoretical value, based on where similar bonds, as defined by credit quality and market sector, have traded. This value is not based on market price. BFV incorporates an option adjusted spread methodology in deriving the theoretical value.

Clark County does not report any securities at amortized cost. All securities are reported using the security's fair value. The Clark County Investment Pool is not SEC-registered. Authority to manage the Clark County Investment Pool is derived from the Revised Code of Washington (RCWs) in RCW 36.29.022. Regulatory oversight is provided by the Finance Committee, which by statute consists of the Treasurer as Chair, the Auditor as Secretary, and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060.

Clark County may use an investment advisor, depending on budgetary constraints, on at least an annual basis. During 2002, Clark County contracted with Public Financial Management, Inc. to review the investment portfolio and strategy on a quarterly basis. Clark County also utilizes an Intergovernmental Investment Pool Committee, which is made up of the largest pool participants

from the junior taxing districts within Clark County. This committee meets on a quarterly basis, and assists in sharing information to other pool members regarding the pool strategy and the need for cash management information from the participants. The Treasurer's Investment Strategy Committee, which is made up of the Treasurer, the Deputy Treasurer, the Finance Manager, the Asset/Liability Manager, and a Senior Accountant, meet weekly to discuss investment strategies, economic conditions, analysis of yield curve shifts, possible Federal Reserve Board actions, cash flow forecasts, and spreads on various securities. This committee also reviews the fair value of the Clark County Investment Pool.

The fair value of the Washington State Treasurer's Investment Pool is the same as the value of the pool shares. The State Treasurer, Governor, State Auditor and Joint legislative audit and review committee provide regulatory oversight of the Washington State Treasurer's Investment Pool. There is no involuntary participation in the Clark County Investment Pool. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside of the pool. The Clark County Treasurer provides monthly fair value investment reports on a fund level to all participants through footnote disclosures. This information is based on the Net Asset Value of each share in the Pool, and is based on each funds' month-end investment balance. For 2002, the Clark County Treasurer's Office allocated and reported each participant's share of \$295,807 in unrealized gains. The Treasurer allocated and reported the change in fair value on at least a quarterly basis during 2002.

<b>Condensed Statement of Changes in Net Assets</b> <b>Year Ended December 31, 2002</b>
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Changes in net assets resulting from operations	\$ 16,472,230
Distribution to participants	(16,472,230)
Changes in net assets resulting from depositor transactions	(30,456,710)
<b>Net Assets Available</b>	
Beginning of year	\$ 513,437,975
End of year	
Private purpose trust fund	66,767
Internal funds	142,179,762
External funds	<u>340,734,735</u>
total net assets available	<u>482,981,264</u>

<b>Condensed Statement of Net Assets</b> <b>Year Ended December 31, 2002</b>
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<b>Assets</b>	
Cash, cash equivalents, and pooled investments	\$ 481,695,421
Accrued interest receivable	<u>1,285,843</u>
Total assets	\$ 482,981,264
<b>Liabilities</b>	
Distributions payable	<u>0</u>
Total liabilities	0
Net assets held in trust for pool participants	<u>\$ 482,981,264</u>

A reconciliation of cash, cash equivalents (including pooled investments) and investments as shown in the government wide and fund financial statements is as follows:

Checking Accounts	\$15,397,757
Petty Cash	126,335
Vault Cash	3,500
Registered warrants	236,253
Deposits with Fiscal Agent	345,000
Deposits held in Trust	2,757,162
Fair value of Pooled Investments	336,503,204
Money Market (Pooled investments classified as deposits)	<u>146,478,061</u>
Total	<u>\$501,847,272</u>
Cash, cash equivalents, pooled investments	\$136,873,926
Cash, cash equivalents, pooled investments – fiduciary	364,581,764
Cash deposits with fiscal agents - fiduciary	<u>391,582</u>
Total	<u>\$501,847,272</u>

## B. Property Taxes

Property tax revenues are recognized when they become available, meaning due or past due, and receivable within the current period. Unavailable property taxes are accrued when measurable, but recognition of revenue is deferred until they become available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during October for the ensuing year, and are payable in two installments on April 30th and October 31st. Delinquent property taxes accrue interest at twelve percent per annum and are assessed a penalty of from three to eleven percent, depending on the duration of delinquency.

Clark County bills and collects its own property tax, and also bills and collects property taxes for the State of Washington, cities and towns within the county, school districts, fire districts, cemetery districts, and port districts. Such collections are accounted for in Agency Funds. The County is permitted to levy taxes for general governmental services, subject to two limitations:

- a) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to six percent per year, after adjustments for new construction. If the assessed valuation increases by more than six percent due to revaluation, the levy rate will decrease.
- b) The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The County is also authorized to levy taxes in unincorporated areas for road construction and maintenance, which is subject to the same limitations as the levy for general government services. The maximum amounts which may be levied and the actual 2002 and 2003 levies for the General Fund and the County Roads Fund were (per \$1,000 of assessed value):

	Maximum Levy	2003 Actual Levy	2002 Actual Levy
General Fund	\$1.80	\$1.54	\$1.58
County Roads	\$2.25	\$2.01	\$2.13

### C. Receivables

Receivables as of December 31, 2002 for the County's individual major funds, nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown in the following table.

	Taxes	Accounts	Special Assessments	Due from other Governments	Interest & Penalties	Total
General Fund	\$ 44,137,737	\$ 2,686,952	\$ 0	\$ 968,935	\$ 4,661,714	\$ 52,455,338
County Roads	26,121,974	2,197,186	0	2,924,983	0	31,244,143
Mental Health	338,392	236,660	0	1,312,739	0	1,887,791
Nonmajor						
Governmental	2,303,875	1,189,038	1,178,630	3,963,391	0	8,634,934
Sanitary Sewer	0	169,246	0	420,641	0	589,887
Clean Water	0	755,570	0	61,083	0	816,653
Nonmajor						
Enterprise	0	318,150	0	309,891	0	628,041
Internal Service	0	821,533	0	0	0	821,533
Fiduciary	291,844,310	725,195	0	2,118,004	0	294,687,509
Gross						
Receivables	\$ 364,746,288	\$ 9,099,530	\$ 1,178,630	\$ 12,079,667	\$ 4,661,714	\$ 391,765,829

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 48,799,451	
Property taxes receivable (Road Fund)	26,121,974	
Property taxes receivable (Mental Health)	338,392	
Property taxes receivable (other Governmental funds)	2,303,875	
Revenues received but not yet earned		182,560
Notes and contracts receivable not yet due	5,493,556	
Telephone revenue (General Fund)	113,699	
Special assessments not yet due	5,549,556	
Grants received prior to meeting all eligibility requirements		1,192,897
Total deferred/unearned revenue for governmental funds.	<u>\$84,349,577</u>	<u>\$1,375,457</u>

## D. Capital Assets

Capital asset activity for the year ended December 31, 2002 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land - restated	\$ 90,603,077	\$ 20,453,108	\$ 121,821	\$ 110,934,364
Construction in progress	82,155,474	52,909,897	14,275,257	120,790,114
Total capital assets, not being depreciated	172,758,551	73,363,005	14,397,078	231,724,478
Capital assets, being depreciated:				
Buildings	70,292,440	33,646	0	70,326,086
Improvements other than buildings	22,288,965	731,941	927,422	22,093,484
Machinery and equipment	29,449,340	4,687,764	1,326,473	32,810,631
Infrastructure - restated	124,411,478	638,151	0	125,049,629
Total capital assets being depreciated	246,442,223	6,091,502	2,253,895	250,279,830
Less accumulated depreciation for:				
Buildings	17,356,575	5,845,256	0	23,201,831
Improvements other than buildings	2,869,921	945,468	0	3,815,389
Machinery and equipment	15,979,950	3,336,059	1,152,540	18,163,469
Infrastructure - restated	14,967,770	941,292	0	15,909,062
Total accumulated depreciation	51,174,216	11,068,075	1,152,540	61,089,751
Total capital assets, being depreciated, net	195,268,007	(4,976,573)	1,101,355	189,190,079
Governmental activities capital assets, net	<u>\$ 368,026,558</u>	<u>\$ 68,386,432</u>	<u>\$ 15,498,433</u>	<u>\$ 420,914,557</u>

Depreciation expense was charged to functions as follows:

General governmental services	\$ 5,125,809
Judicial	32,240
Public Safety	1,365,798
Physical Environment	42,306
Transportation	1,022,765
Economic Environment	47,431
Mental and physical health	15,456
Culture and recreation	1,658,846
	<u>9,310,651</u>

In addition, depreciation on capital assets held by the County's internal service funds is charged to various functions based upon their usage of the assets.

	<u>1,757,424</u>
Total governmental activities depreciation expense	<u>\$ 11,068,075</u>



	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land - restated	\$ 21,727,159	\$ 427,124	\$ 774,710	\$ 21,379,573
Construction in progress	321,644	1,617,727	0	1,939,371
Total capital assets, not being depreciated	22,048,803	2,044,851	774,710	23,318,944
Capital assets, being depreciated:				
Buildings	400,782	0	0	400,782
Improvements other than buildings	75,938,475	0	115,101	75,823,374
Machinery and equipment	226,903	25,220	20,849	231,274
Infrastructure - restated	36,836,450	479,070	0	37,315,520
Total capital assets being depreciated	113,402,610	504,290	135,950	113,770,950
Less accumulated depreciation for:				
Buildings	190,513	8,649	0	199,162
Improvements other than buildings	6,236,877	1,614,794	0	7,851,671
Machinery and equipment	142,959	9,106	17,385	134,680
Infrastructure -restated	4,216,106	69,068	0	4,285,174
Total accumulated depreciation	10,786,455	1,701,617	17,385	12,470,687
Total capital assets, being depreciated, net	102,616,155	(1,197,327)	118,565	101,300,263
Business-type activities capital assets, net	<u>\$ 124,664,958</u>	<u>\$ 847,524</u>	<u>\$ 893,275</u>	<u>\$ 124,619,207</u>

Depreciation expense was charged to functions as follows:

Sanitary Sewer	\$ 1,539,008
Solid Waste	20,663
Water Quality	141,946
Total business-type activities depreciation expense	<u>\$ 1,701,617</u>

#### E. Commitments

The County has construction commitments resulting from active construction projects as of December 31, 2002. The project includes construction of a central administrative building and other building remodeling projects:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
County Administrative Building	\$31,955,000	\$ 4,392,000

General obligation bonds are financing the commitment for the administrative building.

#### F. Interfund Receivables, Payables And Transfers

The composition of interfund receivables as of December 31, 2002, is shown in the table on the following page.

		Due to other funds:						
	General Fund	Road Fund	Mental Health	Clean Water	Nonmajor Governmental	Internal Service	Agency	Total
<b>Due from other funds:</b>								
General Fund	374				189,207	5,373,676	11,497	5,574,754
Road Fund	7,755				782,220	1,221,817	1,931	2,013,723
Mental Health			93,775		753,844	87,443	1,132	936,194
Sanitary Sewer	794	1,018,031				12,570		1,031,395
Clean Water Fund	260	206,751			318,845	1,559		527,415
Nonmajor governmental	1,153,555	1,121	310,600	700,123	2,808,629	1,264,378	116,273	6,354,679
Nonmajor enterprise	1,598				36,000	634	425	38,657
Internal service funds	37,848	68,542			1,191,824	17,005	1,432	1,316,651
Agency	1,388	219	919,227		18,603	24,272	76,790	1,040,499
Total transfers	\$1,203,572	\$1,294,664	\$1,323,602	\$700,123	\$6,099,172	\$8,003,354	\$209,480	\$18,833,967

These interfund transactions are the result of interfund transactions that usually involve the exchange of goods and services in a normal business relationship.

*Advances – To Be Repaid in More than One Year*

To	From	Amount
General Fund	Clean Water Enterprise Fund	\$ 882,000
Road Fund	Road Guarantee Fiduciary Fund	318,291
REET Fund	CRCA Emergency Services	<u>1,511,826</u>
	Communication Special Revenue	<u>\$2,712,117</u>

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Operating transfers out of nonmajor governmental funds generally represent debt service and capital project funding. Interfund transfers occurring between individual major funds, nonmajor governmental, nonmajor enterprise, internal service funds and fiduciary funds of the County during the year ended December 31, 2002 are as follows:

		Transfer In					
	General Fund	Road Fund	Clean Water	Nonmajor Governmental	Internal Service	Total	
<b>Transfer out:</b>							
General Fund	-	-	29,611	8,572,984	3,075,482	\$ 11,678,077	
Road Fund	39,470	-		2,573	403,575	\$ 445,618	
Clean Water				507,270		\$ 507,270	
Nonmajor governmental	6,454,486	2,686,437	228,164	9,581,373	125,000	\$ 19,075,460	
Nonmajor enterprise				36,000		\$ 36,000	
Internal service funds	2,233,417	30,569			310,000	\$ 2,573,986	
Total transfers	\$ 8,727,373	\$2,717,006	\$ 257,775	\$ 18,700,200	\$ 3,914,057	\$ 34,316,411	

During 2002, there were two significant non-routine and infrequent transfers. The General Liability Fund transferred excess reserves of \$2,000, 000 to the General Fund. The Development Impact Fee Capital Fund transferred \$2.7 million in traffic impact fees to the County Road Fund for road projects completed in the traffic impact fee districts.

#### G. Leases

##### *Operating Leases*

The County is committed under various leases for buildings, office space, and other equipment. Such leases are considered to be operating leases for accounting purposes. With the construction of the new public service center, the County has not been renewing leases for office space in anticipation of its completion. Lease expenditures for the year ended December 31, 2002 amounted to approximately \$1,500,000. The future minimum lease payments for these leases are:

<u>Year Ending December 31</u>	<u>Amount</u>
2003	\$ 1,134,000
2004	743,000
2005	743,000
2006	647,000
2007	<u>358,000</u>
<b>Total</b>	<b>\$ 3,625,000</b>

##### *Capital Leases*

The County has entered into a lease agreement as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.34%. The leased assets and related obligations are accounted for in the statement of net assets. The net capital lease amount shown below reflects the assets continuing to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The minimum capital lease payments reflect the remaining capital obligations on these assets.

<u>Net Capital Lease Amount</u>	<u>Governmental Activities</u>
Buildings	\$ 1,318,500
Less Accumulated Depreciation	<u>0</u>
	<u><u>\$ 1,318,500</u></u>
<u>Minimum Capital Lease Payments</u>	
2003	\$ 141,928
2004	141,928
2005	141,929
2006	141,929
2007	141,928
2008-2012	709,643
2013-2014	<u>283,857</u>
<i>Total Minimum Lease Payments</i>	<b>\$ 1,703,142</b>
Less Interest	<u>(384,642)</u>
Present Value of Minimum Lease Payments	<u><u>1,318,500</u></u>

## H. Long Term Debt

### General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$123,975,000. During the year, general obligation bonds totaling \$2,780,000 were issued for refunding the 1992 and 1993 bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<b>Description</b>	<b><u>Amount Outstanding</u></b>
\$5,010,000 1993 Limited Tax General Obligation Bonds due in annual installments of \$155,000 to \$365,000 through 2013; interest from 4.0% to 5.125%. The General Fund and the Sewer Enterprise Fund are servicing this issue.	\$ 310,000
\$13,920,000 1994 Limited Tax General Obligation Bonds due in annual installments of \$235,000 to \$1,550,000 through 2009; interest from 4.0% to 6.75%. This issue is being serviced by the "911" CRCA Special Revenue Fund (36%) and the Conservation Futures Capital Fund (64%).	8,125,000
\$9,535,000 1996 Limited Tax General Obligation and Refunding Bonds due in annual installments of \$240,000 to \$920,000 through 2015; interest from 3.45% to 5.9%. This issue is being serviced by the Real Estate Excise Tax Capital Fund for the General Obligation Bonds. The Refunding Bonds are being serviced with revenues derived from the General Fund (75%) and the Sewer Enterprise Fund (25%).	5,450,000
\$13,490,000 1996 Limited Tax General Obligation Bonds due in annual installments of \$175,000 to \$1,425,000 through 2016; interest from 3.65% to 5.7%. This issue is being serviced by the "911" CRCA Special Revenue Fund.	7,280,000
\$7,985,000 1997 Limited Tax General Obligation Bonds due in annual installments of \$130,000 to \$520,000 through 2027; interest from 4.455% to 5.75%. The Tri-Mountain Golf O & M Special Revenue Fund are servicing this issue.	7,435,000
\$20,415,000 1998 Limited Tax General Obligation Bonds due in annual installments of \$320,000 to \$1,740,000 through 2018; interest from 4.50% to 5.0%. The Conservation Futures II Capital Fund (51%) and the Real Estate Excise Tax Capital Fund (49%) service this issue.	19,045,000
\$6,400,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$235,000 to \$425,000 through 2018; interest from 4.0% to 5.0%. This issue is being serviced by the Real Estate Excise Tax Capital Fund (89%), Tri-Mountain Golf O & M Special Revenue Fund (4%), and the General Fund (7%).	5,090,000
\$3,000,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$90,000 to \$240,000 through 2019; interest from 5.0% to 5.6%. The General Fund services this issue.	2,715,000

\$37,090,000 2001 Limited Tax General Obligation Bonds due in annual installments of \$50,000 to \$3,065,000 through 2026, interest from 4.125% to 5.125%. This issue is being serviced by the Real Estate Excise Tax Capital Fund. 37,090,000

\$2,780,000 2002 Limited General Obligation Refunding Bonds due in annual installments of \$85,000 to \$645,000 through 2013, interest from 3.0% to 4.3%. This issue is being serviced by the general fund. 2,780,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 4,521,739	\$ 4,887,893	\$ 323,162	\$ 28,709
2004	4,869,372	4,553,472	140,629	14,233
2005	5,233,248	4,315,986	146,850	7,343
2006	4,635,000	4,047,514	0	0
2007	3,755,000	3,822,299	0	0
2008-2012	17,600,000	16,482,865	0	0
2013-2017	22,140,000	11,747,035	0	0
2018-2022	17,125,000	6,301,154	0	0
2023-2026	14,830,000	2,004,265	0	0
Totals	\$ 94,709,359	\$ 58,162,483	\$ 610,641	\$ 50,285

#### Special Assessment Bonds

The government also issues special assessment bonds for the construction of roads and like improvements in certain areas. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. At December 31, 2002, special assessment receivables of \$239,312 were considered delinquent. The special assessment bonds outstanding are as follows:

<u>Description</u>	<u>Amount Outstanding</u>
\$1,947,782 R.I.D. No. 11/12 Special Assessment Bonds due in 2011; interest at 7% to 7.75%, payable semi-annually. These bonds are serviced by R.I.D. No. 11/12 Debt Service fund from special assessments levied.	145,000
\$582,338 R.I.D. No. 15/16 Special Assessment Bond due in 2014; interest at 5.5% to 7%. These bonds are being serviced by R.I.D. No. 15/16 Debt Service Fund from special assessments levied.	145,000
\$198,261 R.I.D. 17 Special Assessment Bonds due in 2016; interest at 4% to 6.3%. These bonds are serviced by R.I.D. No. 17 Debt Service Fund from	

special assessments. 80,000

\$73,954 R.I.D. 18 Special Assessment Bonds due in 2019; interest at 6.35%. These bonds are serviced by R.I.D. No.18 Debt Service Fund from special assessments and will be repaid over 15 years. 38,954

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 0	\$ 29,154
2004	0	29,154
2005	0	29,153
2006	0	29,153
2007	0	29,153
2008-2012	145,000	134,531
2013-2017	225,000	54,156
2018-2020	<u>38,954</u>	<u>5,582</u>
Totals	\$ <u>408,954</u>	\$ <u>340,036</u>

#### Revenue Bonds

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original amount of outstanding bonds issued in prior years was \$54,495,000. In 2002, Revenue bonds outstanding at year-end, serviced by the Sewer enterprise fund, are as follows:

<u>Description</u>	<u>Amount</u> <u>Outstanding</u>
\$9,100,000 1995 Sewer Fund Revenue Bonds due in annual installments of \$265,000 to \$735,000 through 2015; interest from 4.6% to 6.1%.	1,185,000
\$45,395,000 1996 Sewer Fund Revenue Bonds due in annual installments of \$1,355,000 to \$3,635,000 through 2016; interest from 3.9% to 5.85%.	7,695,000
\$5,425,000 2001 Refunding Sewer Revenue bonds due in annual installments of \$440,000 to \$640,000 through 2015; interest from 4.00% to 4.75%.	5,345,000
\$25,765,000 2001 Refunding Sewer Revenue bonds due in annual installments of \$2,040,000 to \$3,155,000 through 2016; interest from 4.25 % to 5.25%.	25,520,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2003	\$ 2,145,000	\$ 2,012,022
2004	2,265,000	1,894,423
2005	2,385,000	1,770,044
2006	2,525,000	1,633,738
2007	2,500,000	1,491,037
2008-2012	14,380,000	5,575,548
2013-2017	<u>13,545,000</u>	<u>1,750,765</u>
Totals	\$ <u>39,745,000</u>	\$ <u>16,127,577</u>

In Proprietary funds, unamortized debt issuance costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt issue costs and discounts.

#### Advance Due to Other Governments

The County also receives loans from other governments. During 2002, the County accepted four loans from the State Department of Community Development for a total of \$3,635,000 for county road projects. With the acceptance of these loans, the County has ten low-interest (1% and 2%) loans from the State Department of Community Development Public Works Trust Fund that will be repaid within 20 years in annual installments on each loan ranging from \$7,105 to \$140,625. The funds from these loans were used for sewer improvement projects or county road projects. These loans will be paid back by the Sewer Enterprise Fund and the County Road Special Revenue Fund.

Additionally, a loan from the State Department of Transportation for Chelatchie Railroad improvements is also outstanding. This loan is interest free with annual payments of \$13,397 ending in 2008. Advances Due to Other Governments for debt service requirements to maturity are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 200,896	\$ 21,297	\$ 286,885	\$ 27,315
2004	392,213	20,988	286,885	23,977
2005	392,212	19,093	286,885	20,640
2006	392,212	17,199	286,885	17,303
2007	204,713	15,305	286,885	13,966
2008-2012	969,979	62,178	986,590	27,998
2013-2017	956,579	38,263	29,480	295
2018-2022	<u>956,579</u>	<u>14,349</u>	<u>0</u>	<u>0</u>
Totals	\$ <u>4,465,383</u>	\$ <u>208,672</u>	\$ <u>2,450,495</u>	\$ <u>131,495</u>

#### Prior Year Defeasance of Debt

In prior years, the County defeased certain sewer revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds is not included

in the County's financial statements. At December 31, 2002, \$32,985,000 of bonds outstanding are considered to be defeased.

#### Advance and Current Refundings

The government issued \$2,780,000 of general obligation bonds to provide resources to purchase securities that were placed in an irrevocable trust. The 2002 issue was for the purpose of generating resources for all future debt service payments of the 1992 and 1993 Limited General Obligation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price of the new debt exceeded the net carrying amount of the old debt by \$159,965. This amount is being netted against the new debt and amortized over the remaining life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$1,246,638. This issue resulted in an economic gain from a present value perspective of \$1.1 million.

#### Changes in Long Term Liabilities

The following is a summary of the long-term debt transactions of Clark County for the year ended December 31, 2002:

	(Restated) Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 99,467,420	\$ 2,780,000	\$ 7,348,061	\$ 94,799,359	\$ 4,521,739
Special assessment bonds	413,954	0	5,000	408,954	0
Less deferred amounts					
For issuance discounts/premiums	(181,143)	14,435	(6,847)	(159,861)	(5,524)
On refunding	<u>0</u>	<u>(159,965)</u>	<u>(1,333)</u>	<u>(158,632)</u>	<u>(15,996)</u>
Total bonds payable	99,700,231	2,634,470	7,344,881	94,889,820	4,500,219
Capital lease	7,012	1,318,500	7,012	1,318,500	44,107
Claims and judgments	2,162,028	700,000	871,989	1,990,039	137,089
Advances due to other governments	843,779	3,635,000	13,396	4,465,383	200,896
Compensated absences	<u>6,477,267</u>	<u>10,924,751</u>	<u>9,435,923</u>	<u>7,966,095</u>	<u>0</u>
Governmental activity long term liabilities	\$ <u>109,190,317</u>	\$ <u>19,212,721</u>	\$ <u>17,673,201</u>	\$ <u>110,629,837</u>	\$ <u>4,882,311</u>
<b>Business-type activities</b>					
Bonds payable					
General obligation bonds	\$ 1,827,580	\$ 0	\$ 1,406,939	\$ 610,641	\$ 323,162
Revenue bonds	41,790,000	0	2,045,000	39,745,000	2,145,000
Less deferred amounts					
For issuance discounts/premiums	483,599	0	31,192	452,407	31,192
On refunding	<u>(2,813,926)</u>	<u>0</u>	<u>(562,786)</u>	<u>(2,251,140)</u>	<u>(562,786)</u>
Total bonds payable	41,287,253	0	2,920,345	38,556,908	1,936,568
Advance due to other governments	2,737,379	0	286,884	2,450,495	286,885
Compensated absences	<u>96,072</u>	<u>64,689</u>	<u>27,550</u>	<u>133,211</u>	<u>0</u>
Business-type activity long term liabilities	\$ <u>44,120,704</u>	\$ <u>64,689</u>	\$ <u>3,234,779</u>	\$ <u>41,140,614</u>	\$ <u>2,223,453</u>

For governmental activities, claims and judgments and compensated absences are generally



liquidated by the general fund. The County is limited to a non-voted debt capacity of 1½% and a voted debt capacity of 2½% of the assessed valuation. At December 31 2002, the remaining non-voted capacity was \$289,473,368 and the remaining voted and non-voted capacity was \$644,404,208.

#### I. Short Term Debt

During the year, the County obtained a tax anticipation note authorized at \$5,000,000 for the purpose of paying expenditures of the County's Current Expense Fund and other funds pending the receipt of taxes and other revenues. This note is drawn down as needed, similar to a line of credit.

The following funds shared in the borrowing: Planning and Code, County Roads, Family and Youth Resources, Admin/Grants Management, Alcohol and Drug Abuse, Children's Care and Purchasing. Additionally, several funds issued registered warrants to provide resources in advance of property tax collections and grant receipts. Short term debt activities for the year ended December 31, 2002 was as follows:

		Beginning Balance	Proceeds	Repayment	Ending Balance
Tax Anticipation Note (line of credit)	\$	0	\$ 23,744,662	\$ 19,971,791	\$ 3,772,871
Registered Warrant - Planning and Code Fund		1,193,742	152,923	1,346,665	0
Registered Warrant - GIS Fund		0	20,987	0	20,987
Registered Warrant - Community Service Grants		0	43,424	0	43,424
Registered Warrant - Alcoholism Fund		0	90,404	90,404	0
Registered Warrant - Cable TV Fund		0	171,842	0	171,842
Registered Warrant - Purchasing Fund		0	84,015	84,015	0
Registered Warrant - Road Fund		0	3,698,934	3,698,934	0
Total Short term Debt	\$	<u>1,193,742</u>	<u>28,007,191</u>	<u>25,191,809</u>	<u>4,009,124</u>

#### V. OTHER INFORMATION

##### A. Pension Plans

Substantially all County full time employees and qualifying part-time employees participate in one of the statewide public employee retirement systems administered by the Department of Retirement Systems (DRS), under cost-sharing multiple-employer defined benefit public employee retirement systems. The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

## 1. *Public Employees' Retirement System (PERS) Plans 1 and 2*

### Plan Description

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plan 1 and 2 are defined benefit plans and Plan 3 is a combination of defined benefit/defined contribution plan. Membership in the system includes elected officials, state employees, employees of the Supreme, Appeals and Superior courts (other than judges in a judicial retirement system), employees of legislative committees, community and technical colleges, college and university employees (not in national higher education retirement systems), judges of district and municipal courts, and employees of local governments. PERS participants who joined the system before September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature. Retirement benefits in both Plan 1 and Plan 2 are vested after completion of five years of eligible service.

Plan 1 members are eligible for retirement after 30 years of service or at age 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is two percent of the average final compensation per year of service, capped at 60 percent. The final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching age 66, a cost-of-living allowance is granted based on years of service credit and is capped at three percent annually.

Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service, with an allowance of two percent per year of service of the average final compensation. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to 65 receive reduced benefits. If retirement is at age 55 with 30 years of service, a 3 percent per year reduction applies, otherwise an actuarial reduction will apply. There is no cap on years of service credit and a cost of living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of services; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to age 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,155 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans as of September 30, 2001:

Retirees and Beneficiaries Receiving Benefits	62,189
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	18,412
Active Plan Members Vested	97,777
Active Plan Members Nonvested	<u>55,159</u>
Total	<u>233,537</u>

#### Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employee and employer contribution rates for Plan 2 and employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefits portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Boards sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution rates are established under state statute in accordance with chapter 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2002, were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer	1.32 % *	1.32 % *	1.32% **
Employee	6.00 %	0.65 %	***

\* = The employer rates include the employer administrative expense fee currently set at 0.22%.

\*\* = Plan 3 defined benefit portion only.

\*\*\* = Variable from 5% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31, were:

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2002	\$107,894	\$825,396	\$1,603
2001	251,678	1,701,463	0
2000	326,315	2,068,938	0

## 2. *Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF)*

#### Plan Description

LEOFF is a cost-sharing, multiple employer retirement system comprised of two separate defined

benefit plans. Membership in the system includes all full time, fully compensated, local law enforcement officers and fire fighters. LEOFF is comprised solely of non-state employees. LEOFF participants who joined the system before September 30, 1977 are Plan 1 members. Those joining thereafter are enrolled in Plan 2. Retirement benefits are financed from a combination of investment earnings, employee and employer contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature. Retirement benefits in both Plan 1 and Plan 2 vest after completion of five years of eligible service.

Plan 1 members are eligible to retire after five years of service at age 50. The benefit per year of service calculated as a percentage of final average salary is as follows:

<u>TERM OF SERVICE</u>	<u>PERCENT OF FINAL AVERAGE</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974 the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 participants are eligible to retire at the age of 50 with 20 years of service, or at age 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Retirement benefits prior to age 53 are actuarially reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 359 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2001:

Retirees and Beneficiaries Receiving Benefits	8,078
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	332
Active Plan Members Vested	10,894
Active Plan Members Nonvested	<u>4,006</u>
Total	<u>23,310</u>

#### Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contributions rates are established by the office of the State Actuary to fully fund the plan. Plan 2 employers and employee are required to pay at a level adopted by Department of Retirement Systems in accordance with 41.45 RCW.

All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 1 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the

employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2002, were as follows::

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer *	.22 %	2.86 % **
Employee	.00 %	4.39%
State	N/A	1.75%

\* = The employer rates include the employer administrative expense fee currently set at 0.23%.

\*\* = The employer rate for ports and universities is 4.61%

Both the County and the employees made the required contribution. The County's required contributions for the years ended December 31, were:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2002	\$1,155	\$ 232,223
2001	1,224	264,037
2000	26,797	264,302

#### B. Deferred Compensation Plan

The County maintains a deferred compensation plan for all full-time employees in accordance with the provisions of Internal Revenue Code (IRC) Section 457. Section 457 requires that the assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries.

Monthly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. The contributions are deposited with a third party in the County's name and in trust on behalf of the County's employees.

The County has adopted Governmental Accounting Standard Board Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The County has little administrative involvement and does not perform the investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

As of December 31, 2002, 954 participants were enrolled having accumulated deposits with a fair value of \$18,189,176.

#### C. Post Employment Health Care Benefits

In addition to the pension benefits described, the County provides health insurance benefits for retired public safety employees. Substantially all County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. These benefits are provided by the County in order to meet State statutory requirements under the LEOFF I system whereby the County will pay for their medical premiums for life.

There are 60 participants eligible to receive these benefits. The County's contributions are financed on a pay-as-you-go basis, i.e., the cost of retiree medical benefits is recognized as an expense when premiums are paid. In 2002, \$147,947 of the \$455,407 total expenses were recognized in the

Retirement/Benefits Reserve Fund for post employment health care.

D. Joint Ventures

The County has entered into one joint venture with the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Emergency Services Agency. Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental fund joint venture. As such, the County's share of ownership is reported in the governmental activities column of the Statement of Net Assets, as a capital asset. Clark Regional Emergency Services Agency (CRESA) was created by agreement under the Interlocal Cooperation Act (RCW 39.34) between Clark County and various cities and other political districts. The purpose of the Agency is to equip and operate a consolidated public safety communications service. Clark County has a 45% interest in the equity and operations of the Agency. The County's share of 2002 net deficit was \$20,070 for a total equity interest of \$441,308 at the end of 2002. Long term liabilities of \$3,849,893 in CRESA consist of a pension fund liability. CRESA is a separate reporting entity. The County's and each participant's share of authority is defined by the terms of the enabling charter of the venture. Control as represented by the Board of County Commissioners or City Council is divided between the City and County. Separate financial statements for the joint venture can be obtained from CRESA.

E. Annexation Agreements/Assets In Safe Keeping

In December 1999, the County and the City consolidated their parks operations. The County has transferred its park impact fee funds to the City and the City will expend them on park projects in the coming years. These impact fees have been recorded as assets in safekeeping until such time as the parks are purchased and recorded in the County's Statement of Net Assets.

F. Transportation Impact Fees

In 1990, Clark County adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is levied on developers as a condition of issuance of a building permit or development approval. In addition, the developer may be entitled to a non-refundable credit against the applicable impact fee component for the fair value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. The amount of such dedications in 2002 is \$383,341. In the event that the amount of the credit is calculated to be greater than the amount of the impact fee due, the developer may apply the excess credit toward impact fees imposed on other developments within the same service area. The amount of credits applied toward impact fees in 2002 is \$414,357. As of December 31, 2002 the amount of credits that may be applied against future impact fees is \$3,149,171.

G. Risk Management

In 2002, the County became a member of the Washington Counties Risk Pool (pool). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on August 18, 1988 when counties in the state of Washington joined together by signing an interlocal

agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Twenty-five counties have joined the pool.

The pool allows members to establish a plan of self-insurance, jointly purchase excess or reinsurance and provide related services. All pool joint self-insurance liability coverage, including public officials' errors and omissions, are on an "occurrence" basis. The pool also provides property and special events/concessionaires optional group purchase insurance coverage for its members. Members make an annual contribution to fund the pool. The pool acquires reinsurance from unrelated underwriters that are subject to a pool per-occurrence self-insured retention of \$100,000. Members may elect deductible amounts ranging from \$10,000 per occurrence to \$250,000. Members are responsible for the first deductible amounts of each claim, while the pool is responsible for the remaining difference up to the pool's \$100,000 self-insured retention. Reinsurance carriers cover all losses over \$100,000 to the maximum limits of each policy.

Since the pool is a cooperative program, there is joint liability among the participating members. A retroactive assessment was approved in 1999 for \$6.5 million with payments starting in 1999 and spread over ten years.

Members contract to remain in the pool for a minimum of five years, and must give notice one year before terminating participation. The interlocal agreement is renewed automatically each year until terminated. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period that it was a signatory to the interlocal agreement. The pool is fully funded by its member participants. Members with the pool file claims.

The pool is governed by a board of directors that is comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting, and is responsible for conducting the business affairs of the pool.

### *1. General Liability Insurance*

The following schedule reconciles the current year and the prior year claim liability:

	2002	2001
Beginning claims liability	\$2,162,028	\$4,079,802
Claims incurred during the year (including IBNRs)*	798,723	388,161
Payments made on claims during the year and prior fiscal year estimates	(1,670,712)	(2,305,935)
Ending claims liability	<u>\$1,290,039</u>	<u>\$2,162,028</u>

\*Represents the total of a provision for events of the current fiscal year and any changes in the provision for events of the prior fiscal years.

As of December 31, 2001, the County had current assets in the General Liability Insurance Fund of \$8.2 million.

### *2. Other Self-Insurance Funds*

The County is self-funded for unemployment insurance claims and for most industrial insurance (worker's compensation) claims. Current assets set aside at December 31, 2002 for these claims are \$2.9 million and \$856,000 respectively. There were no significant claims outstanding against these assets at December 31, 2002. The County maintains a commercial policy for excess worker's compensation claims. No significant reduction in insurance coverage occurred during the

year and no settlements have exceeded insurance coverage for each of the past three years.

#### H. Contingent Liabilities

The County participates in several Federal, State, and local grant programs. These grants are subject to an annual audit examination that includes compliance with granting agency terms and provisions, and with pertinent Federal and State regulations. Failure to adequately comply with these provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts would be immaterial.

The County has been named as a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

#### I. GASB 18 - Accounting For Solid Waste Landfill Closure And Postclosure Costs

GASB 18 establishes the standards for accounting and financial reporting for municipal solid waste landfill closure and post closure care costs. This statement applies to the owners and operators of landfills. The County does not own or operate a landfill, but rather, in 1988 entered into a Solid Waste Reduction and Disposal Agreement with the private owner of the landfill to direct the flow of solid waste and establish a landfill reserve fund. The solid waste closure fund was established by the County for the sole purpose of accumulating disposal fees collected by the landfill operator and other resources designated to pay for environmental compliance, closure and self-insurance of the solid waste landfill. The likelihood of the County incurring costs associated with ongoing monitoring of the landfill is remote; accordingly no liability is reflected in the County's financial statements.



#### J. Prior Period Adjustments

County Road Fund reports a prior period adjustment of \$431,705 resulting from the close out of federal and state grant funded capital road projects and projects which were not billed for previously. Expenditures had been incurred in previous years but the revenues were not received until this year once the close-out documents were approved by the granting agency.

A prior period adjustment was made to the Tri-Mountain Golf O & M Special Revenue Fund for \$157,858 to correct the allocation of golf fees from a clearing account to golf fee revenues.

A prior period adjustment of \$53,035,366 was recorded in the Clean Water Enterprise Fund. This represents storm water detention facilities that were previously contributed to a governmental fund and were not recorded in the General Fixed Assets prior to the full implementation of GASB #34 in 2002, in regards to retrospective infrastructure. In 2002, the governmental fund was closed and the assets were transferred to the Clean Water Fund.

#### K. Changes In Accounting Principles

In 2001 the County partially implemented GASB Statement #34 (Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments), reserving the option of adding retrospective infrastructure completed prior to 2001 at a later date. In 2002 all infrastructure completed during the years from 1980 through 2000, including right of way and other associated land purchases, were added to the County's governmental activities capital asset records. As a result, governmental net assets as of January 1, 2002 were restated by \$84,947,133, as follows:

Land	\$ 8,994,379
Infrastructure	90,920,524
Accumulated Depreciation	<u>(14,967,770)</u>
Net Change	\$84,947,133

#### L. Subsequent Events

In April 2003, Clark County issued \$11,960,000 in Limited Tax General Obligation Improvement and Refunding Bonds. The proceeds will be used to pay all or part of the cost of remodeling the Community Development building, acquiring golf course maintenance equipment, acquiring emergency services equipment, an energy savings project on several county buildings and acquiring, equipping, furnishing, renovating or constructing other general purpose county facilities. The proceeds were also used to refund a portion of the County's outstanding 1994 Limited Tax General Obligation Bonds. The bonds will be paid over the next 20 years with proceeds from REET, golf course revenues, general taxes, fees and other revenues supporting the general obligation of the County.